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SUBJECT: FINANCING THE U.S. NUCLEAR RENAISSANCE: FRANCE PUSHES FOR
DOE INVESTMENT GUARANTEES AND PLEDGES FINANCIAL ASSISTANCE

REF: PARIS 500

¶1. (SBU) Summary: French Trade Minister Anne-Marie Idrac told visiting Senators Murkowski and Craig June 30 that France would like to see DoE tender investment guarantees more expeditiously, and proposed making French export financing available to help fund nuclear reactor construction in the U.S. France aims to facilitate participation of its nuclear industry in the U.S. which it sees as a key market for a strategic industrial sector. End Summary.

¶2. At a June 30 breakfast meeting Junior Minister for Trade Anne-Marie Idrac expressed a desire to see DoE move quickly to issue additional loan guarantees for nuclear power plants authorized under the Energy Policy Act of 2005, for which the DoE just announced a usd 18.5 billion solicitation for nuclear power facilities. Idrac's comments were reinforced by Constellation Energy CEO Mike Wallace, who also participated in the meeting. Constellation has partnered with French firms AREVA and EDF to introduce France's third-generation European Pressurized Reactor (EPR) technology to the U.S. through their joint venture in Unistar Nuclear. (Wallace has been a vocal supporter of guarantees, and has been quoted by the New York Times as saying "Without loan guarantees we will not build nuclear power plants.")

¶3. (SBU), Idrac also informed Senators Murkowski and Craig that France would propose making loan guarantees from France's export finance agency COFACE available to help fund French reactor sales in the U.S. Idrac said that a letter formalizing the offer would be sent shortly from Economy Minister Lagarde to Treasury Secretary Paulson.

¶4. (SBU) The Senators and accompanying staffers are participating in week-long tour of French nuclear facilities organized by the French Embassy in Washington that includes high-level meetings with President Sarkozy's national security advisor Jean-David Levitte, the CEO of AREVA Anne Lauvergeon, and Pierre Gadonneix, CEO of nuclear plant operator Electricite de France (EDF).

¶5. (U) France's largely state-owned AREVA is one of the world's leading nuclear energy companies. It considers the U.S. as a major "strategic" export market for its EPR technology, sales of which have been booming in the past year (reftel). With interests in all stages of the nuclear cycle, AREVA claims to be the leader in the U.S. nuclear market, accounting for 28% of the American reactor and services sector and 20% of its front end fuel cycle sales. AREVA estimates that more than 30 new reactors will be built in the U.S. in the next 20 years, and aims to build ten of those. It has already made considerable strides toward that goal. Projects for seven reactors at six different sites around the US are underway (including Unistar projects at Calvert Cliffs, MD and Nine Mile Point, NY; and projects in Amarillo, TX; Bruneau, ID; and Susquehanna, PA). AREVA has so far invested USD 200 million to certify the EPR technology for use in the U.S.

14. (SBU) Comment: Against the backdrop of industry demands for additional financial support for reactor construction in the U.S., France is focusing on ways it can help facilitate AREVA's robust participation in the U.S. market. It is reaching out to U.S. lawmakers and staffers, and has also played host to governors and other officials interested in its nuclear technology. Florida Governor Charlie Crist will be visiting France July 16-19 with the possible sale of two more EPR's to Florida utilities in play. We expect continued attention to this issue from the GOF, and it is likely to be raised on the margins of Secretary Bodman's September visit to Paris for GNEP. France can be expected to draw on other traditional tools of industrial policy to favor the continued development of what the government sees as one of its most successful industrial sectors. End Comment.

STAPLETON